

Message Text

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PAGE 01 NEW DE 04051 222114Z
ACTION NEA-10

INFO OCT-01 ISO-00 L-03 IGA-02 SP-02 USIA-06 AID-05
EB-08 NSC-05 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 /083 W
-----230548Z 044259 /10

R 221334Z MAR 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 2049
US TREAS WASHDC

C O N F I D E N T I A L NEW DELHI 4051

E O 11652: GDS
TAGS: EAID PFOR IHK
SUBJECHT: LETTER FROM SECRETARY BLUMENTHAL

REF: TREASURE DEPT MSG 211655Z MAR 77

1. IN ACCORDANCE WITH REFTTEL, CHARGE AND FINANCIAL ATTACHE CALLED ON DEA SECRETARY MANMOHAN SINGH MARCH 22 AND DELIVERED THE TEXT OF SECRETARY BLUMENTHAL'S LETTER TO FINANCE MINISTER SUBRAMANIAM. CHARGE EXPLAINED THAT WE WERE DELIVERING THIS LETTER DESPITE THE IMMINENT CHANGE IN GOVERNMENT AS WE WISHED TO CONVEY OUR RESPONSE TO THE GOI LETTER WITHOUT DELAY. MANMOHAN SIGH REPLIED THAT THIS WAS QUITE CORRECT; HE WOULD SHOW SECRETARY BLUMENTHAL'S LETTER TO SUBRAMANIAM AT AN OFFICE FAREWELL RECEPTION LATER IN THE DAY AND WOULD THEN HOLD THE LETTER FOR THE NEW MINISTER.

2. WHILE HANDING MANMOHAN SINGH THE LETTER, THE CHARGE EMPHASIZED SEVERAL OF ITS MAJOR POINTS: TREASURY'S DECISION TO REVIEW THE LENDING POLICIES AND PRACTICES OF INTERNATIONAL LENDING INSTITUTIONS; OUR POSITION THAT OUR REVIEW OF IDA AND COUNTRY SHARES WOULD BE DIRECTED AT NO PARTICULAR COUNTRY; OUR SUGGESTION THAT THE WORLD BANK REVIEW LENDING CRITERIA FOR IDA LOANS AND OUR
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UNDERSTANDING THE THE REVIEW WOULD BE DONE BY THE BANK EXECUTIVE BOARD; AND THE LIKELIHOOD OF BENEFIT FOR INDIA FROM THE ANTICIPATED INCREASE IN IDA RESOURCES.

3. MANMOHAN SINGH READ SECRETARY BLUMENTHAL'S LETTER AND THEN MADE WHAT HE CALLED INFORMAL COMMENTS. HE SAID HE CONSIDERED THE CONDITIONS FOR IMPROVED US-INDIA RELATIONS TO BE

MOST FAVORABLE. MENTIONING THE FORMATION OF A NEW GOVERNMENT IN NEW DELHI, HE REFERRED TO FAVORABLE COMMENTS ABOUT INDIA'S RELATIONS WITH THE US MADE BY MORAJAI DESAI IN AN INTERVIEW IN THE NEW YORK TIMES, WHICH HAD BEEN SUMMARIZED IN THIS MORNING'S DELHI PAPERS. HE SAID HE CONSIDERED SECRETARY BLUMENTHAL'S REPLY TO BE HELPFUL; IT WAS A POSITIVE RESPONSE. HE WENT ON TO SAY THAT THE US PUBLIC POSTURE AT THIS TIME WAS MOST IMPORTANT. HOWEVER, IF THE US TOOK THE LEAD TO PUT PRESSURE ON THE BANK IN REGARD TO INDIA FAVORABLE CONDITIONS FOR IMPROVED US-INDIA RELATIONS MIGHT BE DAMAGED. IN AN OFF THE RECORD COMMENT (APPARENTLY BASED ON A REPORT HE HAS OF THE PARIS MEETING), HE PARTICULARLY NOTED INDIAN SENSITIVITIES REGARDING COMPARISONS OR CONTRASTS BETWEEN INDIA AND PAKISTAN.

4. MANMOHAN SINGH SAID INDIA COULD HAVE NO OBJECTION TO ANY OBJECTIVE REVIEW TO IBRD LENDING CRITERIA. HE EXPRESSED CONCERN, HOWEVER, ABOUT MENTION IN THE LETTER OF GREATER ACCESS TO IBRD LOANS TO COUNTRIES WHOSE IDA SHARES WERE ADJUSTED DOWNWARDS. HE MAINTAINED THAT INDIA OWES ITS PRESENT LIQUIDITY TO BELT TIGHTENING, WHICH HAS PERMITTED GREATER EXPORTS. INVESTMENT AND PER CAPITA INCOME IN INDIA HAVE REMAINED VIRTUALLY STATIC FOR THE PAST FOUR YEARS. INDIA, HE SAID NEEDED CAPITAL BUT COULD NOT AFFORD IBRD MONEY AT HIGH RATES OF INTEREST.

5. THE FINANCIAL ATTACHE EMPHASIZED US RESPONSIVENESS TO INDIAN DESIRES THAT ANY REVIEW NOT SINGLE OUT INDIA AND THAT IT BE PERFORMED BY THE BANK EXECUTIVE DIRECTORS. SHE ALSO NOTED THE LIKELIHOOD OF INDIA'S BENEFITING FROM INCREASED CONFIDENTIAL

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IDA REPLENISHMENT WHATEVER ADJUSTMENT MAY TAKE PLACE IN COUNTRY SHARES. AS THE MEETING CONCLUDED, MANMOHAN SINGH AGAIN EXPRESSED HIS APPRECIATION FOR THE POSITIVE TONE OF SECRETARY BLUMENTHAL'S LETTER, AND INDICATED IT WOULD RECEIVE THE EARLIEST POSSIBLE ATTENTION OF THE OUTGOING AND INCOMING FINANCE MINISTER. SCHNEIDER

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Message Attributes

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Capture Date: 01-Jan-1994 12:00:00 am
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Current Classification: UNCLASSIFIED
Concepts: DIPLOMATIC DISCUSSIONS, DIPLOMATIC COMMUNICATIONS, FINANCIAL PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 22-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
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Drafter: n/a
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Executive Order: GS
Errors: N/A
Expiration:
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Format: TEL
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Legacy Key: link1977/newtext/t19770335/aaaabedl.tel
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Review Action: RELEASED, APPROVED
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Review Media Identifier:
Review Release Date: n/a
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Review Withdrawn Fields: n/a
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Secure: OPEN
Status: NATIVE
Subject: ECHT: LETTER FROM SECRETARY BLUMENTHAL
TAGS: EAID, PFOR, EFIN, IN, (BLUMENTHAL, W MICHAEL), (SINGH, MANMOHAN)
To: STATE TRSY
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/7fe834b4-c288-dd11-92da-001cc4696bcc
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